THRIFT SAVINGS PLAN
FACT SHEET

TSP Benefits That Apply to Members of the Military Who Return to Federal Civilian Service

This Fact Sheet applies to you if you meet all of the following conditions:

- You were separated from Federal civilian service or were placed in nonpay status to perform military service;
- Your release from military service, discharge from hospitalization, or other similar event occurred on or after August 2, 1990; and
- You were subsequently reemployed in, or restored to, a position covered by FERS or CSRS pursuant to 38 U.S.C. Chapter 43.[1]

The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) contains several provisions regarding the Thrift Savings Plan (TSP):

- You may make up TSP contributions missed as a result of your military service.
- If you were not vested when you separated from civilian service, and Agency Automatic (1%) Contributions and associated earnings were removed from your TSP account, you are entitled to have these funds restored to your account.
- If you separated from civilian service and your TSP account was paid out **for one of the reasons explained below**, you may return the funds, and, if applicable, reestablish a TSP loan.

This Fact Sheet explains each of these benefits. **For an explanation of how they relate to your specific situation and more information, see your personnel office.**

[1] FERS refers to the Federal Employees' Retirement System, the Foreign Service Pension System, and other equivalent Government retirement plans. CSRS refers to the Civil Service Retirement System, including CSRS Offset, the Foreign Service Retirement and Disability System, and other equivalent Government retirement plans.

Making Up TSP Contributions

You may make up TSP contributions for the period of time you missed as a result of your military service. The amount of these contributions will be determined by using the TSP Election Form (TSP-1) that was in effect immediately before your entry into military service, unless you submit a new Form TSP-1 to terminate the contributions or to make an election(s) for any open season that occurred during this period. If you had made an election to terminate your contributions within two months before your entry into military service, you may submit Form TSP-1 to make an election for the first open season that occurred after the termination election was effective, even if the termination was made outside an open season.

Investment allocations. If you make contribution elections for your period of military service, the investment allocation you make on the Forms TSP-1 must be the same as the investment allocation on your current Form TSP-1. Both your makeup and current contributions must be invested in the funds you requested on your current Form TSP-1. (Absent a current Form TSP-1, your makeup contributions will be invested in the Government Securities Investment (G) Fund.)

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Deducting makeup Employee Contributions. All makeup Employee Contributions must be deducted from future pay. Makeup Employee Contributions deducted from your pay in a current calendar year are subject to the Internal Revenue Service (IRS) annual limit in effect for the year to which the makeup contributions are attributable. They do not count against the limit on your current year contributions.

If you choose to make up Employee Contributions, your agency will help you set up a payment schedule.

Stopping makeup Employee Contributions. You can always stop your makeup contributions, just as you can always stop your current contributions. However, your decision to stop your makeup contributions is irrevocable.

Receiving retroactive agency contributions. If you are covered by FERS, you will receive retroactive Agency Matching Contributions as you make up your Employee Contributions. These Agency Matching Contributions are made in equal installments over the period during which you are making up your contributions. If you do not make up Employee Contributions, you will not receive makeup Agency Matching Contributions.

You will receive retroactive Agency Automatic (1%) Contributions for the entire period missed as a result of military service **whether or not** you make up Employee Contributions. Your agency will deposit these contributions as a single deposit.

Receiving lost earnings. You are entitled to lost earnings on the retroactive agency contributions made to your account.[2] You are **not** entitled to lost earnings on your makeup Employee Contributions.

The TSP will calculate the lost earnings on each retroactive agency contribution using the G Fund rates of return unless one or more interfund transfer requests had been made during the retroactive period. If this is the case, lost earnings will be calculated using the G Fund rates of return until your first interfund transfer was processed. The contribution will be moved to the investment fund(s) you had requested and lost earnings will then be calculated based upon that fund or those funds. The contribution is traced through all other subsequent interfund transfers processed during the period, and lost earnings are calculated based upon the investment fund(s) to which it was moved.

Time limits. To make up missed TSP contributions, you must submit a written request to your agency within one year of the date of your reemployment in, or restoration to, civilian service.

Restoring Forfeited Agency Automatic (1%) Contributions

If the Agency Automatic (1%) Contributions and associated earnings in your TSP account were removed because you did not meet the TSP vesting requirement when you separated to perform military service, you are entitled to have these funds restored to your TSP account.[3]

Restoration process. You must notify your agency that the Agency Automatic (1%) Contributions and associated earnings were removed from your account. You can tell if a forfeiture was processed by checking your TSP Participant Statements. Your agency must take the actions required by the TSP to request that the funds be restored to your account. The TSP record keeper will then restore these funds to your account.

[2] Your receipt of lost earnings is subject to the *de minimis* rules in 5 C.F.R. Part 1606. See your personnel or payroll office for more information.

[3] The vesting requirement for most FERS employees is three years of Federal service. FERS employees in congressional, Schedule C, noncareer Senior Executive Service, and certain Executive Level positions become vested in the Agency Automatic (1%) Contributions and associated earnings in their accounts after only two years of Federal service. Generally, this is civilian service; however, the type of military service you have just performed also counts for TSP vesting purposes. See your personnel office for more information about service that counts for TSP vesting.

Returning Money Withdrawn from the TSP

If you separated from civilian service to perform military service and your TSP account was paid out because:

- it was $3,500 or less, **or**
- you were required to withdraw your TSP account balance before March 1995 because you were not eligible for retirement benefits,

you may return to the TSP an amount equal to the full amount of the payment. (You may not return only part of this amount.) You will not receive retroactive earnings on this amount.

To return your TSP disbursement, you must notify the TSP record keeper within one year from the date of your reemployment in, or restoration to, civilian service. You must provide the record keeper with a copy of your SF-50, Notification of Personnel Action, or a letter from your agency indicating your reemployment under 38 U.S.C. Chapter 43.

The TSP record keeper will then notify you of the amount you must return. You must provide this amount to the record keeper as a single payment within 90 days of the date of the notice stating the amount.

Reversing a Taxable Distribution

If you had a TSP loan that was closed as a taxable distribution because you separated or were placed in nonpay status to perform military service, you may be eligible to have the taxable distribution reversed after you return to civilian service or pay status. However, if you withdrew your account when you separated and you are not eligible to return the withdrawal, you are not eligible to have the taxable distribution of your loan reversed. If you are eligible to return the withdrawal, you must return it before a taxable distribution of your loan can be reversed.

To reverse the taxable distribution, you may either repay the full amount of the taxable distribution, or you may reinstate a loan payment schedule if the reinstatement is permitted within the established limits of the loan program (i.e., the limits on time of repayment and number of loans).

To exercise this opportunity, you must notify the TSP record keeper within one year from the date of your return to civilian service or pay status. You must provide the record keeper with a copy of your SF-50, Notification of Personnel Action, or a letter from your agency which shows that your reemployment or return to pay status was made under 38 U.S.C. Chapter 43. The TSP record keeper will then contact you regarding the repayment or reinstatement of your loan and the additional action(s) that must be taken.